

LN 468

11-59  
2 January 1959DPD-0083/59  
COPY 1 OF 4

Subject: Contract HF-CT-696, Proposed

Dear Sir:

Pursuant to the provisions of PART IV - ESTABLISHING OF A PRICING FORMULA of the SCHEDULE of the subject contract, Contractor herewith submits its proposed pricing formula for the period 1 January 1959 through 30 June 1959. This proposed pricing formula is attached hereto as Exhibit "A".

The proposed hourly rates have been increased five percent from those in the present pricing formula. This increase is to give effect to an anticipated general wage increase the amount of which is presently being negotiated with the International Association of Machinists. It is anticipated that the amount of the general wage increase will be about 6% of present wage scales. Historically, general wage increases finally negotiated subsequent to the expiration of a Union contract have been retroactive to date of expiration. If the outcome of the present union contract negotiations includes a retroactive payment it would be effective 12 December 1958. This was discussed with you at the time the present pricing formula was negotiated and one percent (which represented one month of six months at a six percent increase) was added to our average wage rates to arrive at the rates per hour in the formula. This five percent increase, therefore, is in addition to the one percent increase which has already been included in the pricing formula.

Each burden rate proposed herein is an arithmetic average of one month at the estimated average rate for our fiscal year ending 31 January 1959 and five months at the projected rate for our fiscal year ending 31 January 1960. Computation of these average burden rates has been made as follows:

	<u>Year ending</u> <u>31 Jan. 1959</u> <u>(one month)</u>	<u>Year ending</u> <u>30 June 1959</u> <u>(five months)</u>	<u>Proposed</u> <u>Rate</u>
Material Handling Burden	22%	14%	15%
M & O Burden	103%	130%	125%
Shop Burden	185%	160%	164%
G & A Expense	19%	16%	16%

In order to facilitate your early review and implementation of this pricing formula into the subject contract we have directly transmitted one copy of this letter to your local auditor for his review and comment.

Very truly yours,

HYCON MFG. COMPANY



Vice President & Gen. Manager

HRE/pe

enclosure: Exhibit "A"

Exhibit "A"  
Page 1 of 2  
2 January 1959

APPENDIX I  
Contract No. HF-CT-696

Pricing Formula  
Period: 1 January 1959 through 30 June 1959

Outside Processing & Subcontracts \$ \_\_\_\_\_

Burden on Outside Processing & Subcontracts @ 15% \$ \_\_\_\_\_

Maintenance and Overhaul Labor

Grade \_\_\_\_\_ Rate \_\_\_\_\_ Hours \_\_\_\_\_ \$ \_\_\_\_\_

Grade \_\_\_\_\_ Rate \_\_\_\_\_ Hours \_\_\_\_\_ \$ \_\_\_\_\_

Grade \_\_\_\_\_ Rate \_\_\_\_\_ Hours \_\_\_\_\_ \$ \_\_\_\_\_

Total Maintenance and Overhaul Labor \$ \_\_\_\_\_

Burden @ 125% \$ \_\_\_\_\_

Shop Labor

Grade \_\_\_\_\_ Rate \_\_\_\_\_ Hours \_\_\_\_\_ \$ \_\_\_\_\_

Grade \_\_\_\_\_ Rate \_\_\_\_\_ Hours \_\_\_\_\_ \$ \_\_\_\_\_

Grade \_\_\_\_\_ Rate \_\_\_\_\_ Hours \_\_\_\_\_ \$ \_\_\_\_\_

Total Shop Labor \$ \_\_\_\_\_

Burden @ 164% \$ \_\_\_\_\_

Total Mfg. Cost (less Material) \$ \_\_\_\_\_

General & Administrative Expenses @ 16% \$ \_\_\_\_\_

Material & Purchased Parts \$ \_\_\_\_\_

Burden on Material & Purchased Parts @ 15% \$ \_\_\_\_\_

Total Mfg. Cost \$ \_\_\_\_\_

Profit @ 10% \$ \_\_\_\_\_

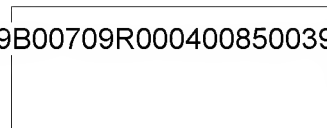
Total Price \$ \_\_\_\_\_

Exhibit "A"  
Page 2 of 2  
2 January 1959

<u>Grade</u>	<u>Job Title</u>	<u>Rate Per Hr.</u>
I	Experimental Machinist Research Mechanic Automatic Machine Technician Tool and Die Maker Sheet Metal Fabricator Inspector Tool and Gage	\$3.28
II	Precision Machinist Precision Grinder Plater Welder Electronic Technician, Sr.	\$2.99
III	Precision Inspector Electronics Systems Inspector Receiving Inspector	\$2.86
IV	Machinist Specialist Spray Painter Specialist Senior Inspector Precision Assembler Electronic Technician	\$2.52
V	Machine Operator Inspector Electronic Technician, Jr.	\$2.26
VI	Apprentice Inspector General Assembler	\$1.93
VII	Electro-Mechanical Assembler	\$1.72

The rate per hour for any Job Title listed will be increased \$.20 per hour for leadmen or set-up men who are classified as such and who are actually paid this differential.

STAT



DPD-1021-59  
1 2

4 February 1959

SUBJECT: Additional Funding on Contract No. HF-CT-696

TO: Contracting Officer

STAT

Reference is made to your letter DPD-0658-59 dated 26 January 1959. [redacted] has been consulted and verifies the need for additional funding on this contract. He agrees with the estimate of Hycon.

Request an additional \$20,000 be allotted to this contract for the use of Customer No. 2.

STAT

This allotment raises the total money assigned to this contract by Customer No. 2 to \$87,500.

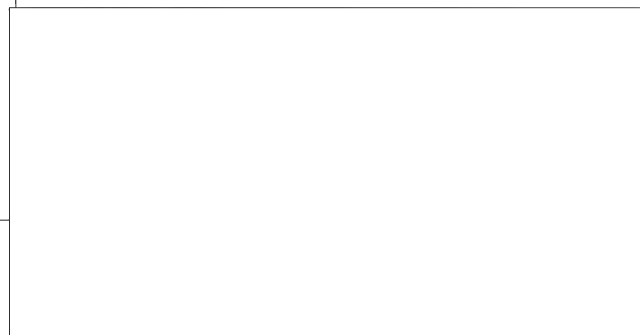
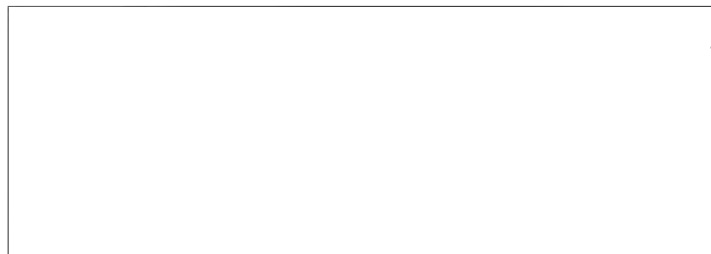


cc: WND

Lt. Colonel, USAF

*Amended 210 22 12 56  
H 2 0 2 1 2 6*

ILLEGIB  
STAT



LN 386

24 October 1958

Subject: Contract HF-CT-696

DPS-5242  
COPY 1 OF 2

Dear Sir:

In response to your inquiry about the differences in procedure on submission of production lists for Contract No. HF-CT-696 the following information is submitted.

## Customer 1

1. Production lists are received from Customer 1 Depot.
2. Estimated total price and estimated delivery date are added.
3. The list is signed by Contract Administrator.
4. The list is copied and the copies submitted, the original is retained by Contractor.

## Customer 2

1. Production lists are received from Customer 2 Depot.
2. Contractor generates a new production list with estimated price and delivery information and incorporating one or more Depot production list. Depot production list numbers are referenced on the Contractor generated list.
3. The Contractor generated list is signed by Contract Administrator and submitted.
4. The Depot production list is retained by Contractor.

The procedure used for Customer No. 2 is as outlined in your letter DPS-1815 to [ ] dated 1 July 1958. We initially used this procedure for processing of both Customer's production lists, however, the procedure for Customer No. 1 was modified to that outlined above at the request of the Customer No. 1 Depot.

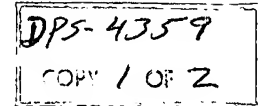
This apparent "dual" procedure appears to satisfactorily meet the specific requirements of each Depot and of this Contractor.

Very truly yours,

HYCON MFG. COMPANY

Contract Administrator

HRE/pe



18 September 1958

Subject: Contract HF-CT-696, Price Quotation

Reference: Telecon 6 August 1958, W.N.D. to R. G. K.

Dear Sir:

In accordance with your request for a price quotation in the referenced telecon, we are pleased to submit herewith the following prices for Model 73-B Film Spools and Shipping Accessories.

Qty.	<u>100</u>	<u>200</u>	<u>400</u>
Film Spool Model 73-B			
Part No.732480-503 (ea)	\$139.08	\$133.80	\$130.19
Shipping Flanges			
Model 73-B			
Part No.732608 (per set)	\$ 57.12	\$ 54.32	\$ 52.00
<hr/>			
Total Unit Price	\$196.20	\$188.12	\$182.19

These prices are based upon the pricing formula now in force on the subject contract since it is our understanding that this procurement would be effected through that contract. These prices may be considered firm, however, for procurement through other means for a period of sixty (60) days from the date of this quotation.

Very truly yours,

HYCON MFG. COMPANY

Vice President, Engineering